



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

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DOUGLAS D. BELL
Executive Secretary

August 22, 1984

No. 84/80

TO COUNTY ASSESSORS, COUNTY COUNSELS
COUNTY ASSESSMENT APPEALS BOARDS, AND
OTHER INTERESTED PARTIES:

NOTICE OF PROPOSED REGULATORY ACTION
BY THE
STATE BOARD OF EQUALIZATION

RULE 193, Scope of Audit

PUBLIC HEARING: October 10, 1984

NOTICE IS HEREBY GIVEN that the State Board of Equalization, pursuant to the authority vested by Section 15606 of the Government Code, and to implement, interpret, or make specific Section 469 of the Revenue and Taxation Code, proposes to amend Rule 193 in Title 18 of the California Administrative Code, relating to property tax.

PUBLIC NOTICE: Notice is further given that a public hearing relevant to this action will be held in Room 102, Consumer Affairs Building, 1020 N Street, Sacramento, California, at 2:00 p.m., on October 10, 1984. Any person interested may present statements or arguments orally or in writing at that time and place.

INFORMATIVE DIGEST: This rule is amended to delete reference to the Board's Division of Intercounty Equalization. The adoption of California Constitution Article XIII A eliminated the need for the Division of Intercounty Equalization. The Division was dissolved and it is no longer in existence.

There is, however, a continued need to provide for the local county assessor's use of Board of Equalization audit findings. Therefore, this rule is amended to provide that a local assessor may use audits developed by the Board's Assessment Standards Division to satisfy the mandatory audit provisions of Board Rule 192.

ESTIMATE OF COST OR SAVINGS: The State Board of Equalization has determined that the proposed change does not impose a mandate on local agencies or school districts. Further, the Board has determined that the change will result in no direct or indirect cost or savings to any State agency, any local agency or school district that is required to be reimbursed under Section 2231 of the Revenue and Taxation Code, or other non-discretionary cost or savings imposed on local agencies, or cost or savings in Federal funding to the State of California.

The cost impact on private persons or businesses will be insignificant. This proposal will not have a significant adverse economic impact on small businesses.

WRITTEN COMMENTS: Written statements or arguments will be considered by the Board if received by October 10, 1984; they are requested by September 28, 1984. Please send comments to Janice Masterton, Regulation Coordinator, at 1020 N Street, Sacramento, California 95814.

STATEMENT OF REASONS; EXPRESS TERMS; RULE-MAKING FILE: The Board has prepared a statement of reasons and a strike-out and underscore version (express terms) of the proposed changes. Both of these documents are available to the public upon request. The rule-making file is available for public inspection at Room 123, 1020 N Street, Sacramento, California.

STAFF MEMORANDA AFTER PUBLIC HEARING OR REVISIONS TO PUBLISHED VERSION OF THE REGULATION: In the event there are any staff memoranda included in the rulemaking file after the close of the public hearing, these memoranda will be available to the public upon request from Mrs. Masterton for a period of 15 days after the public hearing.

In the event there are any revisions sufficiently related to the published version of the rule, these revisions will be available to the public from Mrs. Masterton for a period of 15 days before adoption.

Following the hearing, the State Board of Equalization, upon its own motion, or at the request of any interested person, may in accordance with law adopt the changes proposed without further notice.

| <u>INQUIRIES</u> | |
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| <u>CONTENT</u> | <u>HEARING</u> |
| Questions regarding the content of the regulation should be directed to Gordon P. Adelman, Assistant Executive Secretary, Property Taxes, (916) 445-1516, at 1020 N Street, Sacramento, CA 95814. | Written comments for the Board's consideration or requests to present testimony and bring witnesses to the public hearing should be directed to Janice Masterton, Assistant to Executive Secretary, (916) 445-6479, at the same address. |

STATE BOARD OF EQUALIZATION

C. Douglas D. Bell

Douglas D. Bell
Executive Secretary

Rule 193. SCOPE OF AUDIT

(a) When auditing a taxpayer under the requirements of section 192, an assessor may audit for only one of the fiscal years within the period specified in section 532 of the Revenue and Taxation Code if no discrepancy or irregularity is found in the fiscal year selected for audit. When a discrepancy or irregularity is found in the fiscal year first selected for audit, the assessor shall audit the remaining fiscal years for which the statute of limitations has not run unless he documents in the audit report his conclusion both (1) that the discrepancy or irregularity in the fiscal year first selected is peculiar to that fiscal year and (2) that the discrepancy or irregularity did not permit the assessment of an escape under the provisions of sections 502, 503, 531.3 or 531.4 of the Revenue and Taxation Code.

(b) If property of a taxpayer who meets the requirements of section 192 is selected by the board as a an assessment sample item for-intercounty-equalization-purposes, as part of its assessment practices surveys, the assessor of the county surveyed may consider the audit findings of the board's Assessment Standards Division of-Intercounty-Equalization as the fulfillment of section 192

providing no discrepancy or irregularity exists between the findings and the corresponding property statement or report and providing he maintains a copy of such findings in his files. If the assessor determines that the findings disclose a discrepancy or irregularity between the taxpayer's books and records and the corresponding property statement or report, he shall ascertain the cause and audit all years within the statute of limitations applicable to escape assessments.

(c) Nothing herein shall be construed to prohibit an assessor from auditing or reauditing any or all statements or reports for which the statute of limitations has not run or to define the circumstances in which property that has escaped assessment can be added to the roll.

Reference: Section 469, Revenue and Taxation Code.